

**Pagosa Area Geothermal Water and Power Authority
Board of Directors
September 8, 2014 (5:30 p.m.)
Town Hall Council Chambers
551 Hot Springs Blvd.**

A.Call to Order – Board Chair Lucero, Board Member Volger, Board Member Whiting, Board Member Schanzenbaker, Board Member Alley (Alley was unable to attend, but was contacted and said he wanted the rest of the board to move forward with the meeting).

B.Discussion Involving Concession Agreement - ► DOLA awarded an EIA grant of \$1.9 million to Pagosa Verde and Archuleta County to be used for exploration of a geothermal well. After creating the original LLC, Pagosa Waters, the creation of the Authority was made to receive the funds from DOLA. The formation of these entities to work along with Pagosa Verde has opened another option and vehicle for acquiring and expending the grant funds. Todd Starr said a concession agreement could be this vehicle, this will take care of all Pagosa Verde and Town and County requirements easily. This agreement could spell out what Pagosa Verdes expectations and

parameters are, similar to a concession agreement with a vendor in town. This allows the concessionaire to come in and run the project. According to Starr, cons might include addressing items that are not detailed in the agreement, also a possible delay in time to review this potential agreement. Mr. Jerry Smith said the structure was set up in order to buffer the LLC from the government authority board. He said for the concession to work, he and his investors would have to agree. He said they have started to drill the wells using the DOE funds and have been patiently waiting for the organization structure to be completed with the Town/County entities to move forward with the DOLA funds. Staff will work to find out more information about a concession agreement and bring the information back to the board.

- C.2014 Partial Year Budget Presentation and Public Hearing ► The proposed budget includes a transfer of \$6,000 from the Town and Council into the Authority as seed money. The other revenue to the Authority budget includes DOLA grant money. Expenditures include some legal, publication, and notices, as well as expenditure of the \$200,000 to Pagosa Verde from the DOLA grant. Mr. Smith said he has been in touch with Ken Charles with DOLA to work out the mechanics of expending the DOE and DOLA grant funds. He has asked to have the DOLA grant front loaded into the Authority account in order to have the funds when needed. Board Chair Lucero opened the meeting to public hearing for pros at 6:21pm, with no comment he closed and then opened the public hearing for cons at 6:21 and closed at 6:22pm with no comment. Mr. Smith said he has requested funds from the DOE, and has money in savings for necessary match. If he can get confirmation wells drilled before the snow then he could spend up to \$2,000,000, but not pay those invoice until 2015. Board Member Whiting move to adopt the PAGWPA general operating budget for 2014, with the amendment in 2014 total revenue to be \$206,000 and total expenditures \$202,150, Board Member Volger seconded, unanimously approved.

D.Executive Session ►

- i.Executive Session Per C.R.S 24-6-402(4)(b), for the purpose of receiving legal advice specific to contract negotiations. Board Member Whiting moved to go into executive session, Board Member Volger seconded, unanimously approved.

Entered executive session at 6:30pm. Board Chairman Lucero called the meeting out of executive session at 7:03pm. No decisions made. Mr. Jerry Smith state Board Chairman Lucero completed a masterful negotiation on the lease.

E.Items of Mutual Interest – None.

F.Adjournment - Meeting adjourned at 7:05pm.